

## Message Text

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ACTION NEA-16

INFO OCT-01 EUR-25 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 DRC-01

CIAE-00 INR-10 NSAE-00 HUD-02 L-03 /133 W

----- 108362

P R 021255Z JUL 74

FM AMEMBASSY KUWAIT

TO USDOC WASHDC PRIORITY

INFO SECSTATE WASHDC 0131

AMEMBASSY BEIRUT

AMEMBASSY BELGRADE

AMEMBASSY TEHRAN

LIMITED OFFICIAL USE KUWAIT 2794

EO 11652: NA

TAGS: BMPE, EGEN, KU

SUBJ: NATIONAL REAL ESTATE COMPANY LIKELY TO FORM PARTNERSHIP  
WITH YUGOSLAVS THIS WEEK

REF: A) STATE 137950; B) KUWAIT 2668; C) KUWAIT 2329; D) STATE  
136091; E) STATE 127261; F) STATE 104390

SUMMARY: EMBOFF MET WITH SHAIJI IN ORDER ATTEMPT TO FORESTALL  
ACCEPTANCE YUGOSLAV EQUITY PROPOSAL. HOWEVER, IT LIKELY YUGOSLAV  
PROPOSAL ALREADY ACCEPTED AND WILL BE FINALIZED BEFORE JULY 4.  
EMBASSY PROCEEDING ANYWAY, HOWEVER, TO PRESENT SHAIJI LETTER  
STRONGLY ENDORSING THREE U.S. CONSORTIA WHICH HAVE ALREADY MADE  
OR EXPRESSED THEIR INTENT TO MAKE EQUITY PROPOSALS. THIS BEING  
DONE ON RATIONALE THAT NATIONAL REAL ESTATE STILL LIKELY TO BE  
GIVING MAJOR SUB-CONTRACTS TO FOREIGN COMPANIES AND U.S. FIRMS  
WHICH HAVE MADE EQUITY PROPOSALS MAY BE GIVEN PRIME CONSIDERATION  
FOR ANY WORK FOR WHICH THEY QUALIFIED.  
END SUMMARY

1. EMBOFF MET JUNE 30 WITH YUSUF SHAIJI, CHAIRMAN, NATIONAL REAL  
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ESTATE COMPANY TO ASSESS COMPANY'S PRESENT INTENTION REGARDING

ACCEPTING EQUITY PARTNER. SHAIJI INDICATED HE VERY CLOSE TO CONCLUDING DEAL WITH YUGOSLAV COMPANY, ENERGOPROJEKT. AT THEIR INVITATION, SHAIJI VISITED YUGOSLAVIA RECENTLY AND WAS GIVEN RED CARPET TREATMENT.

2. DURING MEETING, EMBOFF STRONGLY URGED SHAIJI TO ENTER INTO NEGOTIATIONS WITH INTERESTED US COMPANIES PRIOR TO ACCEPTING YUGOSLAV OFFER. HE POINTED OUT US HAD MORE EXPERIENCE IN HOME BUILDING THAN VIRTUALLY ANY OTHER COUNTRY AND CITED ACCOMPLISHMENTS OF US COMPANIES WHICH HAVE EXPRESSED INTEREST IN TAKING EQUITY IN NREC. SHAIJI SEEMED MILDLY SYMPATHETIC AND CLAIMED HE WAS SORRY US COMPANIES HAD NOT ACTED MORE QUICKLY BUT NOTED THAT TALKS WITH YUGOSLAVS WERE NOW TOO FAR ALONG TO ENTERTAIN ANY FURTHER PROPOSALS UNTIL FINAL DECISION WAS REACHED ON WHETHER TO ACCEPT ENERGOPROJEKT'S OFFER.

3. EMBOFF POINTED OUT THAT JONES & FELLERS-ALGERNON BLAIR OFFER HAD BEEN MADE IN MID-MAY AND JONES HAD INDICATED WILLINGNESS TO NEGOTIATE AT ANY TIME. HE FURTHER STRESSED THE WILLINGNESS OF GEORGE MARTIN, 1973 PRESIDENT OF THE NATIONAL HOME BUILDERS ASSOCIATION, WHO VISITED KUWAIT LAST WEEK, TO TAKE SUBSTANTIAL EQUITY IN THE COMPANY AND PRESENTED SHAIJI A LETTER OF INTENT FROM MARTIN WHICH INDICATES MARTIN PLANS TO ENLIST THE PARTICIPATION OF OTHER LEADING US CONTRACTORS SUCH AS IBEC (ROCKEFELLER COMPANY) AND HOLIDAY INNS. HE ALSO OUTLINED SKIDMORE, OWINGS, MERRILL OFFER CONTAINED IN REF A, AND STATED OUR INTENTION TO PRESENT LETTER FROM THE AMBASSADOR GIVING QUALIFICATION OF THESE COMPANIES. WHILE EMBOFF WAS MAKING FINAL PITCH TO SHAIJI, YUGOSLAV DELEGATION WHICH EVIDENTLY HAD BEEN EAVESDROPPING IN ANTEROOM, BURST INTO OFFICE WHICH EFFECTIVELY TERMINATED MEETING.

4. EMBASSY HAD PREVIOUSLY ASKED NREC TO GIVE US ANSWERS ON QUESTIONS CONTAINED IN REFS E AND F TO NO AVAIL. IN LIGHT OF THEIR INTEREST IN YUGOSLAV COMPANY, NREC STAFF HAS APPEARED ANNOYED AT OUR EFFORTS TO OBTAIN SUCH INFORMATION. THEY CLAIM INFO CONTAINED IN THEIR LETTER AND IN SUBSEQUENT MEETING WITH EMBOFF IS SUFFICIENT FOR ANYBODY GENUINELY INTERESTED IN MAKING EQUITY PROPOSAL (MORE LIKELY THEY PREOCCUPIED WITH YUGOSLAV OFFER). IN ANY CASE WE SEE LITTLE REASON TO TRY INTEREST LIMITED OFFICIAL USE

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DOBER-PADDOCK OR ENVIRONMENTAL PLANNING IN NREC GIVEN PRESENT SITUATION AND PRE-EXISTING INTEREST OF AT LEAST 3 US CONSORTIA.

5. REQUEST SUBSTANCE THIS REFTTEL BE COMMUNICATED TO JONES & FELLER GROUP, SKIDMORE GROUP AND GEORGE MARTIN, PRESIDENT, HOME OWNERS REGISTRATION CORP, NATIONAL HOUSING CENTER, WASHINGTON, DC TELEPHONE 452-0450.

6. COMMENT: SHAIJI GOING ON VACATION JULY 4 AND WE HAVE REASON TO BELIEVE HE HAS ALREADY CLOSED DEAL AND IS ONLY AWAITING FINAL GOK APPROVAL. IN MEANTIME, WE DRAFTING A LETTER FROM AMBASSADOR TO SHAIJI, BUT REALISTICALLY HAVE LITTLE HOPE THAT OUR EFFORTS ON BEHALF OF US COMPANIES WILL SUCCEED, GIVEN LIKELIHOOD DEAL ALREADY CONCLUDED AND STRONG OVERTONES OF POLITICS. (YUGOSLAV MINISTER SMOLE ALSO IN KUWAIT LAST WEEK AND SIGNED FOR \$100 MILLION LINE OF CREDIT FROM GOVERNMENT OWNED INVESTMENT COMPANY (SEE REF B)). SHAIJI HOWEVER, DID OBLIQUELY MAKE SOME REMARKS INDICATING YUGOSLAWS WOULD NOT DO ALL THE WORK ON NREC PROJECTS. HE PARTICULARLY INDICATED THAT US DESIGN FIRMS MIGHT HAVE CHANCE TO DO TOWN PLANNING CONTRACTS ON AN INVITATION-ONLY BASIS, AND WE HOPE LETTER WILL SPUR THEM TO CONTACT THESE AND OTHER US FIRMS WHEN THEY LOOKING FOR OUTSIDE HELP. MOREOVER, WE BELIEVE \$700 MILLION ALLOTTED FOR PUBLIC HOUSING OVER NEXT FIVE YEARS WILL OFFER OTHER SUBSTANTIAL OPPORTUNITIES FOR THESE CONSORTIA, AND WE INTEND TO KEEP COMMERCE FULLY INFORMED ABOUT DEVELOPMENTS IN THIS AREA.  
STOLTZFUS

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NEGOTIATIONS, CONTRACTS  
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**Copy:** SINGLE  
**Draft Date:** 02 JUL 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** shawdg  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Executive Order:** N/A  
**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
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**Page Count:** 3  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** A) STATE 137950; B) KUWAIT 2668; C), KUWAIT 2329; D) STATE  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** shawdg  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 03 JUL 2002  
**Review Event:**  
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**Review Media Identifier:**  
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**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** NATIONAL REAL ESTATE COMPANY LIKELY TO FORM PARTNERSHIP WITH YUGOSLAVS THIS WEEK  
**TAGS:** BEXP, EGEN, KU, YO, NATIONAL REAL ESTATE COMPANY  
**To:** COM  
**Type:** TE  
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